

APR 25 1994

CERTIFIED MAIL

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code and have determined that you do not qualify for tax exemption under that section. Our reasons for this conclusion and the facts on which it is based are explained below.

You were incorporated pursuant to [REDACTED]
[REDACTED] on [REDACTED].

Your purposes, as stated in your Bylaws, are:

"To provide useful information to users of [REDACTED] software through regularly scheduled meetings, special interest group meetings, special training sessions and events, newsletter, and other activities.

To provide an arena for informal "networking" among users of [REDACTED] software.

To provide a forum for answering questions and discussing issues relating to the use of relational database software and technology, as well as associated network and interface technology.

To serve as a focal point for presenting feedback from [REDACTED] to [REDACTED]"

Income is derived from exhibitor fees, membership dues and sponsorship of newsletters.

Expenditures are attributable to activities related to the organization's purposes.

	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Code	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]			
Surname	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]			
Date	12/15/93	12/17/93	1/11/94	4/25/94			

Membership is open to any interested person and prospective members must complete the [REDACTED] registration form.

Section 501(c)(6) of the Internal Revenue Code provides for exemption of business leagues, chambers of commerce, real estate boards, boards of trade, and professional football leagues, which are not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations states that a business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. Its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons.

Revenue Ruling 68-182 published in Cumulative Bulletin 1968-1 on page 263, states that it is the position of the Internal Revenue Service that organizations promoting a single brand or product within a line of business do not qualify for exemption from Federal income tax under section 501(c)(6) of the Code.

Revenue Ruling 74-116, published in Cumulative Bulletin 1974-1, on page 127, held that an organization whose membership is limited to organizations that own, rent or use a specific type of computer and whose activities are designed to keep members informed of current scientific and technical data of special interest to them as users of the computer is not exempt under section 501(c)(3).

From the information you have submitted, your organization is similar to the organizations described in Revenue Rulings 74-116 and 68-182 cited above.

As noted in Revenue Ruling 68-182, your activities are aimed at assisting your members in their use of [REDACTED] software, which is the promotion of a particular type of computer software, and is not directed to the improvement of the business conditions for an entire industry.

Although your organization has applied under 501(c)(6) rather than 501(c)(3), the rationale of Revenue Ruling 74-116 is applicable under 501(c)(6) of the Code.

Therefore, we have concluded that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(6) of the Code. In accordance with this determination you are required to file Federal income tax returns on Form 1120.

[REDACTED]

If you do not agree with our determination, you may request consideration of this matter by the Office of Regional Director of Appeals. To do this you should file a written appeal as explained in the enclosed Publication 892. Your appeal should give the facts, law, and any other information to support your position. If you want a hearing, please request it when you file your appeal and you will be contacted to arrange a date. The hearing may be held at the regional office, or, if you request, at any mutually convenient district office. If you will be represented by someone who is not one of your principal officers, that person will need to file a power of attorney or tax authorization with us.

If you don't appeal this determination within 30 days from the date of this letter, as explained in Publication 892, this letter will become our final determination on this matter.

Appeals submitted which do not contain all the documentation required by Publication 892 will be returned for completion.

If you have any questions, please contact the person whose name and telephone phone number are shown in the heading of this letter.

Sincerely,

[REDACTED]
[REDACTED]
District Director

Enclosure: Publication 892